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National Dairy Products Corporation

NEW YORK

ANNUAL REPORT

1936

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National Dairy Products Corporation

DIRECTORS

- F. J. ANDRE
President, The Telling-Belle Vernon Company, Cleveland
- HENRY N. BRAWNER, JR.
President, Chestnut Farms-Chevy Chase Dairy Company, Washington, D. C.
- HENRY W. BREYER, JR.
Formerly President, Breyer Ice Cream Company, Philadelphia
- FREDERICK J. BRIDGES
President, Hydrox Corporation, Chicago
- LESTER CLASTER
President, Food Sales Company, Inc., New York
- N. J. DESSERT
Vice-President, Detroit Creamery Company, Detroit
- C. WESLEY EBLING
President, Detroit Creamery Company, Detroit
- E. J. FINNERAN
Director of Sales and Advertising
- J. HENRY GEISSLER
Vice-President, Breyer Ice Cream Company, Philadelphia
- JOSEPH GILFILLAN
Attorney, Philadelphia
- ROBERT S. GORDON
General Counsel
- B. S. HALSEY
Vice-President, Sheffield Farms Company, Inc., New York
- J. M. HARDING
Director, Harding Cream Company, Omaha
- VERNON F. HOVEY
President, General Ice Cream Corporation, Schenectady
- J. L. KRAFT
President, Kraft-Phenix Cheese Corporation, Chicago
- JOHN H. KRAFT
Vice-President, Kraft-Phenix Cheese Corporation, Chicago
- B. M. LIDE, JR.
President, St. Louis Dairy Company, St. Louis
- WILLIAM F. LUICK
President, Luick Ice Cream Company, Milwaukee
- E. J. MATHER
President, Southern Dairies, Inc., Washington, D. C.
- THOS. H. MCINNERNEY
President
- P. P. MILLER
Vice-President, General Ice Cream Corporation, Schenectady
- EDWARD E. RIECK
Chairman of Board, Rieck-McJunkin Dairy Company, Pittsburgh
- WILBUR S. SCOTT
President, Breyer Ice Cream Company, Philadelphia
- A. A. STICKLER
Treasurer
- HORACE S. TUTHILL
Vice-President, Sheffield Farms Company, Inc., New York
- L. A. VAN BOMEL
President, Sheffield Farms Company, Inc., New York
- SIDNEY J. WEINBERG
Banker, New York
- H. BURTON WILKERSON
President, Nashville Pure Milk Company, Nashville
- FRANK A. WILLS
President, Supplee-Wills-Jones Milk Company, Philadelphia
- HENRY N. WOOLMAN
Vice-President, Supplee-Wills-Jones Milk Company, Philadelphia

Each company named above is an operating company of
National Dairy Products Corporation

National Dairy Products Corporation

OFFICERS

THOS. H. MCINNERNEY	<i>President</i>
FREDERICK J. BRIDGES	<i>Vice-President</i>
JAMES BRUCE	<i>Vice-President</i>
VERNON F. HOVEY	<i>Vice-President</i>
WILBUR S. SCOTT	<i>Vice-President</i>
L. A. VAN BOMEL	<i>Vice-President</i>
A. A. STICKLER	<i>Treasurer</i>
A. BOAG, JR.	<i>Secretary and Assistant Treasurer</i>
G. W. MCGHEE	<i>Assistant Secretary</i>
E. J. FINNERAN	<i>Director of Sales and Advertising</i>
ROBERT S. GORDON	<i>General Counsel</i>

EXECUTIVE COMMITTEE

THOS. H. MCINNERNEY	
VERNON F. HOVEY	WILBUR S. SCOTT
J. L. KRAFT	L. A. VAN BOMEL

TRANSFER AGENT

BANKERS TRUST COMPANY
New York, N. Y.

REGISTRAR

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK
New York, N. Y.

COUNSEL

SULLIVAN & CROMWELL

AUDITORS

PRICE, WATERHOUSE & CO.

EXECUTIVE OFFICES

120 Broadway, New York, N. Y.

National Dairy Products Corporation

NEW YORK, N. Y., March 11, 1937.

TO THE STOCKHOLDERS:

There is submitted herewith the annual report of National Dairy Products Corporation for the year ending December 31, 1936. Messrs. Price, Waterhouse & Co. have examined the books and accounts of the corporation and its subsidiary companies and their certificate is appended.

During 1936 sales amounted to \$329,171,729.61 compared with \$290,441,357.93 in 1935, an increase of 13.3%. The total unit volume of dairy products sold was the largest ever recorded in the company's history. On a milk equivalent basis, milk used for cheese, butter, ice cream and other products as well as milk sold in fluid form amounted to 9,005,818,000 pounds or 4,188,752,000 quarts.

Net profit for the year, after interest, depreciation and provision for all Federal and State taxes, was \$13,282,028.18 and, after allowing for payment of preferred dividends, was equivalent to \$2.01 per share on the 6,263,780 shares of common stock outstanding at the end of the year as compared with \$1.38 per share in 1935. Your company made 4 cents on each dollar of sales. The provision for Federal surtax on undistributed profits was not substantial, primarily because of non-recurring deductions, allowable for purposes of the tax, arising in connection with the 1936 refinancing and because of the payment of five dividends on the common stock within the year, including the January 2, 1936 dividend which was deducted from cash and charged to earned surplus in our 1935 report. Until your management knows what action, if any, Congress may take in connection with the surtax on undistributed profits, the Board of Directors cannot determine its dividend policy. At present it is the thought of the Board to continue the present rate of dividend on the common stock and wait until the last quarter to consider what further dividends, if any, should be declared.

Cash decreased \$4,426,000 during the year. Short term bank loans of \$3,294,000 were incurred. The decrease in cash and the increase in short term bank loans were the result principally of expenditures for buildings and other capital equipment of approximately \$3,000,000 in excess of the depreciation provision and an increase of \$8,930,000 in merchandise inventories. Your management believes that these expenditures and the added investment in merchandise will be beneficial to your company.

More than \$12,000,000 was spent on replacements, renewals and additions to buildings, machinery and other capital assets during 1936. A new milk and ice cream plant has been under construction in St. Louis and will soon be ready for occupancy. Substantial additions to plant facilities are in process of construction in the New York metropolitan area. New or enlarged cheese plants have been completed or are in progress at Detroit, Michigan; Freeport, Illinois; Houston and San Antonio, Texas; Oakland, California; and Lowville, New York. Kraft is also expanding its plants in Canada and England. In addition a new building has been authorized for Kraft to house its Chicago operations, which will result in major operating economies.

Beginning with the last quarter of 1936 depreciation rates on buildings and office equipment were increased. These increases in rates caused an added charge of approximately \$120,000 against earnings in 1936, which is at the rate of approximately \$480,000 per year. The new rates reflect changes justified by experience.

The refunding of \$65,839,500 5¼% Gold Debentures due 1948 at the time outstanding was successfully completed from the proceeds of the issue of \$62,545,500 3¾% Debentures due 1951 (with common stock purchase warrants attached) and \$7,000,000 2½% bank loans maturing \$700,000 on August 1, 1936 and \$700,000 semi-annually until February 1, 1941. The August 1, 1936 and February 1, 1937 maturities of the 2½% bank loans, totalling \$1,400,000, have already been paid. There will be a substantial reduction in interest charges as a result of this refinancing.

There has been no determination of substantive rights in the litigation commenced by the Mills Novelty Company against ice cream manufacturers, including your company and certain of its subsidiaries, described in the last annual report to stockholders. The Chicago case has been dismissed on motion of the plaintiff, at plaintiff's cost, but the suit in New York is still pending. As previously stated the litigation is considered by your management to be without merit as against your company or its subsidiaries.

Your company is enlarging its operations in several fields. During the last five years Kraft's branches in England have more than doubled their volume. Its Australian business has also shown a decided improvement over previous years. Foreign operations have generally been most satisfactory. Kraft plans to enter the Argentine market in the near future. In addition sales and profits on other milk products have been substantially increased in the domestic market. Considerable progress has been made in the milk powder field, particularly in the feed and baking trades, and new by-products have been successfully introduced. These developments, accelerated through extensive research programs, have further diversified your company's sources of income.

In November National Dairy purchased for cash the assets and business of the ice cream division of Whiting Milk Companies, of Boston, Massachusetts, and at the same time assumed managerial control of the milk division of the Whiting business, with an option to acquire ownership at any time within five years.

Through radio, newspaper and magazine advertising, and recipe folder distribution, a growing appreciation of the merit of The Sealtest System of Laboratory Protection has been created during the past year. We feel certain that the new and attractive ways of using ice cream, milk and dairy products featured by Sealtest have been helpful in increasing not only your own company's sales but also in increasing milk consumption generally. In time your management feels that the constructive effort to explain Sealtest to the public will prove highly beneficial both to your company and to the entire industry. By focusing public attention on the proven advantages of a larger consumption of milk and dairy products in the diet, Sealtest should be able to contribute at least in some degree to a higher level of public health and a larger income to the nation's four million dairy farmers.

No substantial loss to your company was incurred through floods in the Ohio River valley early in 1937. Such property damage as occurred was largely covered by insurance. Your management wishes to commend our employees and executives in the flood areas for their conscientious attention to duty and the general public welfare during this disaster. Their foresightedness and strenuous efforts made it possible for our milk divisions to supply the public with milk in their communities by truck, boat or raft throughout the entire flood stage. The loyalty and courage displayed by our employees during this emergency are to be highly commended.

It is with deep regret that we announce the death of Joseph L. Jones, a director of National Dairy for eleven years, and Vice President of the Supplee-Wills-Jones Milk Company in Philadelphia. Mr. Jones' long association with the milk industry made him a particularly competent and well-informed executive whose experience will be greatly missed.

On behalf of the Board of Directors we thank the 36,000 employees and executives of National Dairy's operating companies for their sustained effort and loyal support of your company during the year just closed.

Your management also wishes to express appreciation for the valuable support thousands of our stockholders give their company. Scores of letters reach us indicating that stockholders specify products sold by our divisions when they make their purchases. We direct the attention of each stockholder to the names of the products our operating companies sell and the territories where they are sold, as set forth on the back pages of this report.

The present outlook is favorable. Business trends indicate that consumer purchasing power will show further increases. Your management anticipates further gains in volume of business during 1937.

By order of the Board of Directors,

THOS. H. MCINNERNEY,
President.

**TO THE BOARD OF DIRECTORS OF
NATIONAL DAIRY PRODUCTS CORPORATION.**

We have made an examination of the consolidated balance sheet of National Dairy Products Corporation and its subsidiary companies as at December 31, 1936 and of the consolidated statements of profit and loss and surplus for the year 1936. In connection therewith we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying balance sheet and related statements of profit and loss and surplus fairly present, in accordance with accepted principles of accounting consistently followed by the companies during the year under review, the combined position of National Dairy Products Corporation and its subsidiary companies as at December 31, 1936, and the combined results of their operations for the year.

PRICE, WATERHOUSE & Co.

56 Pine St.,
New York,
March 11, 1937.

National Dairy Pro

AND SUBSIDIAR

CONSOLIDATED BALANCE SHEET

Assets	
Current and Working Assets:	
Cash in banks and on hand.....	\$ 17,613,018.09
Marketable securities at cost, less reserve for market depreciation	164,845.56
Notes receivable.....	\$ 631,154.89
Accounts receivable.....	17,542,816.56
	\$18,173,971.45
Less—Reserve for doubtful notes and accounts	2,156,921.51
	16,017,049.94
Inventories at cost or market, whichever is lower.....	27,828,345.16
Miscellaneous supplies.....	2,930,139.95
Cash surrender value of life insurance.....	300,245.75
	\$ 64,853,644.45
Investments and Advances:	
Company's common stock—8,633 shares at cost.....	\$ 199,815.70
Investments in and advances to affiliated companies.....	719,281.91
Securities on deposit with State insurance departments.....	475,479.74
Miscellaneous investments.....	1,661,830.04
Other notes and accounts receivable, less reserve.....	1,409,367.57
Funds subject to withdrawal restrictions and deposits in closed banks, less reserve.....	232,836.21
Loans to employees (less reserve of \$500,000).....	775,866.24
	5,474,477.41
Proceeds from Exercise of Common Stock Purchase Warrants attached to debentures, reserved for retirement of debentures	15,375.00
Capital Assets:	
Land, buildings, machinery and equipment on basis of cost or sound values as appraised with additions at cost, less adjustments written off.....	\$164,096,400.77
Less—Reserves for depreciation.....	57,497,853.19
	106,598,547.58
Deferred Charges:	
Prepaid taxes, insurance, interest, etc.....	\$ 672,951.34
Sundry expenses.....	222,109.12
	895,060.46
Goodwill	22,391,853.64
	\$200,228,958.54

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Y COMPANIES

DECEMBER 31, 1936

Liabilities

Current Liabilities:

2½% bank loans maturing February 1 and August 1, 1937....	\$ 1,400,000.00
Other notes payable to banks.....	3,294,562.50
Accounts payable including sundry accruals.....	18,398,856.05
Reserves for Federal taxes.....	2,566,388.44

\$ 25,659,806.99

2½% bank loans maturing semi-annually February 1, 1938 to February 1, 1941.....	4,900,000.00
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3¾% Debentures due 1951 (with common stock purchase warrants attached, of which warrants pertaining to \$61,500 of debentures have been exercised): (Annual purchase fund requirement commencing 1937 \$1,876,365 principal amount) Issued and outstanding.....	62,545,500.00
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Minority Stockholders' Interest in subsidiary companies..... (Including preferred stock of Western Maryland Dairy Corporation, preferred over common on liquidation up to \$2,012,500, carried on books at \$546,694.84)	931,952.30
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Reserves for Contingencies.....	2,321,726.35
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Capital Stock and Capital Surplus:

Preferred stock Class A 7% cumulative:

Authorized—69,244 shares of \$100 par value

Issued less retired—57,339 shares..... \$ 5,733,900.00

Preferred stock Class B 7% cumulative:

Authorized—50,000 shares of \$100 par value

Issued less retired—41,370 shares..... 4,137,000.00

Common stock and capital surplus:

Common stock—

Authorized—7,000,000 shares without par value

Reserved for issue upon exercise of stock purchase warrants attached to debentures—624,840 shares

Issued—6,263,780 shares at stated value..... 51,336,630.00

Capital surplus, per statement attached..... 4,412,845.11

65,620,375.11

Earned Surplus, per statement attached.....

38,249,597.79

\$200,228,958.54

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the Year Ending December 31, 1936

Net sales (excluding inter-company sales)..... \$329,171,729.61

Deduct:

Cost of sales, delivery, selling, administrative and general expenses	\$292,780,543.24	
Repairs and maintenance (including replacements of milk bottles)	9,749,254.16	
Depreciation	9,262,360.35	
		311,792,157.75
		\$ 17,379,571.86

Other income:

Purchase discounts	\$ 527,267.52	
Dividends and interest received.....	306,793.61	
Rents and royalties	209,817.66	
Miscellaneous other income.....	153,968.62	
		1,197,847.41
		\$ 18,577,419.27

Deduct:

Interest on funded debt.....	\$ 2,921,581.94	
Other interest	103,059.15	
Dividends on preferred stock of subsidiary company held by the public.....	120,750.00	
		3,145,391.09

Profit before provision for Federal income taxes.....	\$ 15,432,028.18	
Provision for Federal income taxes (including \$8,000 for surtax on undistributed profits)	2,150,000.00	
Net profit for the year.....	\$ 13,282,028.18	

Note: The net profit, after deducting dividends of \$690,963 on the parent company's preferred stocks, was equivalent to \$2.01 per share on 6,263,780 shares common stock outstanding.

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNED SURPLUS

For the Year Ending December 31, 1936

Earned surplus at December 31, 1935, per published report for that year.....	\$	36,108,807.37
<i>Add</i> —Net profit for 1936, per statement attached.....		13,282,028.18
Restoration to earned surplus of portion of reserve for loans to employees		500,000.00
<i>Deduct</i> :		\$ 49,890,835.55
Premium on retirement of 5¼% Gold Debentures due 1948 through operation of purchase fund.....	\$	33,852.50
Expenses of refinancing:		
Premium and expenses on redemption of 5¼% Gold Debentures due 1948.....	\$	1,829,516.17
Commissions and expenses in connection with issue and sale of 3¾% Debentures due 1951.....	\$	1,893,892.19
<i>Less</i> —Premium received on sale thereof.....	312,727.50	1,581,164.69
		3,410,680.86
		3,444,533.36
<i>Deduct</i> —Dividends paid:		\$ 46,446,302.19
On preferred stocks at \$7.00 per share.....	\$	690,963.00
On common stock:		
April 1, 1936—30¢ per share.....	\$	1,876,359.60
July 1, 1936—30¢ per share.....		1,876,359.60
October 1, 1936—30¢ per share.....		1,876,481.10
December 15, 1936—30¢ per share.....		1,876,541.10
		7,505,741.40
		8,196,704.40
Earned surplus at December 31, 1936, per balance sheet.....	\$	38,249,597.79

CONSOLIDATED STATEMENT OF CAPITAL SURPLUS

For the Year Ending December 31, 1936

Capital surplus at December 31, 1935, per published report for that year.....	\$	5,467,098.04
<i>Add</i> —Excess of consideration received upon exercise of warrants attached to 3¾% Debentures due 1951 over stated value of common stock issued therefor		10,455.00
<i>Deduct</i> —Goodwill purchased during 1936, written off.....	\$	5,477,553.04
		1,064,707.93
Capital surplus at December 31, 1936, per balance sheet.....	\$	4,412,845.11

Products Sold by Divisions of National Dairy Products Corporation

MILK DIVISIONS

(Most of these companies also sell Vitamin "D" milk, chocolate milk, buttermilk, cream, butter, eggs, cottage cheese, special milks and other dairy products daily to homes, restaurants, stores, hospitals, hotels and institutions.)

SALES AREA	NATIONAL DAIRY DIVISION	SALES AREA	NATIONAL DAIRY DIVISION
Alabama Birmingham	Southern Dairies, Inc.	New Jersey Atlantic City, Camden, Trenton and Southern New Jersey Bayonne, Hoboken, Jersey City and Union City Northern New Jersey	Supplee-Wills-Jones Milk Co.
Connecticut Hartford New Canaan New Haven Norwalk	{ Bryant & Chapman Co. R. G. Miller & Sons Co. Sheffield Farms Co., Inc. (Sealact) General Ice Cream Corp. (Cream Crest) Sagal Lou Products Co. Sheffield Farms Co., Inc. (Sealact)	New York Albany Buffalo New York and Metropolitan area, including Long Island, West- chester, Southwestern Connecti- cut and Northern New Jersey New York and Long Island Rochester Schenectady	Consumers Dairy Co. Sheffield Farms Co., Inc. (Sealact) General Ice Cream Corp. (Cream Crest) Dodds Alderney Dairy, Inc.
Delaware Wilmington and State of Delaware	The Clover Dairy Co.	North Carolina Asheville, Rocky Mount, Wilson and Winston-Salem	Sheffield Farms Co., Inc. (Sealact) Muller Dairies, Inc. Brighton Place Dairy Co. General Ice Cream Corp. (Cream Crest)
District of Columbia Washington, D. C.	Chestnut Farms-Chevy Chase Dairy Co.	Ohio Akron, Barberton, Cuyahoga Falls and Vicinity Ashtabula and Vicinity Canton, Massillon and Vicinity Cincinnati and Vicinity Cleveland and Vicinity Hamilton Toledo Youngstown and Vicinity	Southern Dairies, Inc. Akron Pure Milk Co. The Telling-Belle Vernon Co. (Belle-Vernon) Sanitary Milk Co. Frechtling Dairy Co. Hiland Dairy Co. Matthews-Frechtling Dairy Co. The Telling-Belle Vernon Co. (Belle-Vernon) Frechtling Dairy Co. Ohio Clover Leaf Dairy Co. Youngstown Sanitary Milk Co.
Florida Coral Gables, Fort Lauderdale, Hollywood, Miami, Miami Beach, Palm Beach, West Palm Beach, Jacksonville, St. Petersburg	Southern Dairies, Inc.	Pennsylvania Altoona, Barnesboro Bedford Erie Meadville, Oil City Philadelphia and Southeastern Pennsylvania Pittsburgh and Western Pennsylvania Sharon	W. E. Hoffman Laher Ice Cream Erie County Milk Ass'n. (Ecoma) Moore Brothers Supplee-Wills-Jones Milk Co.
Georgia Atlanta	Southern Dairies, Inc.	Tennessee Memphis Nashville and Vicinity Knoxville	Rieck-McJunkin Dairy Co. Youngstown Sanitary Milk Co. Clover Farm Dairy Co. (Cream Crest) Nashville Pure Milk Co. (Tru-li-Pure) Southern Dairies, Inc.
Illinois Belleville East St. Louis Peoria	St. Louis Dairy Co. Highland Dairy Farms Co. J. D. Roszell Co.	Virginia Northern Virginia and suburbs of Washington, D. C.	Chestnut Farms-Chevy Chase Dairy Co.
Indiana Jeffersonville, New Albany	Ewing-Von Allmen Dairy Co.	Wisconsin Milwaukee and Vicinity	Luick Dairy Co.
Kansas Kansas City	Chapman Dairy Co.		
Kentucky Covington, Newport and Vicinity Louisville	Hiland Dairy Co. Ewing-Von Allmen Dairy Co.		
Maryland Baltimore and Western Maryland Chevy Chase, suburbs of Washington, D. C., and Chesapeake Bay Resorts	Fairfield Western Maryland Dairy Chestnut Farms-Chevy Chase Dairy Co.		
Massachusetts Boston and Eastern Massachusetts Springfield	Deerfoot Farms Co. General Ice Cream Corp. (Cream Crest)		
Michigan Ann Arbor Detroit Flint, Lansing Grand Rapids Monroe Pontiac	Ann Arbor Dairy { Detroit Creamery Co. Ebling Creamery Co. Arctic Dairy (Division Detroit Creamery Co.) Grand Rapids Creamery Monroe City Dairy Detroit Creamery Co.		
Missouri Kansas City St. Louis and Vicinity	Chapman Dairy Co. { St. Louis Dairy Co. Highland Dairy Farms Co.		

CHEESE DIVISIONS

Kraft-Phenix Cheese Corporation: Kraft Cheeses are sold throughout the United States and in practically all foreign countries, the foreign manufacturing plants being located in Canada, England, France, Holland, Germany and Australia.

Breakstone Brothers, Inc.: Breakstone Cheese and related products are sold in states east of the Alleghenies.

Pabst-ett Corporation: Pabst-ett and Blue Label Cheeses are sold throughout the United States.

National Cheese Co.: Daisy Brand Cheese and allied products are sold throughout the Middle Western States.

National Creamery Co.: Diamond Brand Cheese and allied products are sold throughout the New England States.

SALAD PRODUCTS DIVISIONS

Kraft-Phenix Cheese Corporation: Miracle Whip Salad Dressing, Kraft Mayonnaise, French Dressings and Salad Products are sold throughout the United States.

Pabst-ett Corporation: Pabst-ett's "Harvest Moon" Salad Dressing, Mayonnaise and Salad Products are sold throughout the United States.

BUTTER DIVISIONS

Breakstone Brothers, Inc.—New York, N. Y.
Brand Names:—Breakstone, Belle O' the Valley.

Cloverleaf Creameries, Inc.—Decatur, Ind.
Brand Names:—Cloverleaf, Kraft, Chiffon Whipt, and Wabash Valley.

Harding Cream Co.—Omaha, Neb.
Brand Names:—Harding's Quality Butter, Capitol, Elgin, Calhoun, Golden Glow, Lange's Pure Cream Butter.

Nashville Pure Milk Co.—Nashville, Tenn.
Brand Names:—Tru-li-Pure, Lily Pure, Sweet Maiden, Pride of Tennessee, Clo Gold, Pride of Tennessee Country Roll.

National Butter Co. of Iowa—Danville, Ill.
Brand Names:—Maple Leaf, Dairy States.

National Cheese Co.—Chicago, Ill.
Brand Name:—Daisy.

National Creamery Co.—Somerville, Mass.
Brand Name:—Diamond.

Southern Dairies, Inc.—Winston-Salem, N. C., Asheville, N. C. and Montgomery, Ala.
Brand Names:—Cream Crest, Dixie Queen, Southern Dairies.

Sugar Creek Creamery Co.—Danville, Ill.
Brand Names:—Sugar Creek, Watseka, Jersey Lily, Golden Grain, Keystone, Diamond Springs, Maple Leaf, Meramec, Mrs. Brown's Square Roll, Hotel Wrapper, Ridge-land, Bonnie Farms, and Florida Special.

Tri-State Butter Co.—Cincinnati, Ohio.
Brand Names:—Rich Pasture, Nancy Hanks, Favorite, Rookwood, Sunnysdale, Valley Farms, and Victor.

In addition to the above brands most National Dairy milk distributing Divisions sell butter on their regular milk routes and to the wholesale trade.

Products Sold by Divisions of National Dairy Products Corporation

ICE CREAM DIVISIONS

Allen's Ice Cream Rockford, Ill., and Monroe, Wis.	The Cream of Pittsburgh Greater Pittsburgh, Pa.	Kent's Ice Cream State of Vermont	Sagal-Lou Ice Cream New Haven, Conn.
Annapolis Maid Ice Cream Annapolis, Md.	Crema-Freez Ice Cream Boston, Mass.	Kimball's Ice Cream Malden, Mass.	St. Louis Dairy Ice Cream Greater St. Louis, Eastern Missouri and Southwestern Illinois
Arctic Ice Cream State of Michigan	Detroit Creamery Velvet Brand Ice Cream Detroit and State of Michigan	Lockwood's Ice Cream Utica, N. Y.	Sanitary Ice Cream Canton, Dover, Wooster, Ohio
Autocrat Ice Cream Norfolk, Va.	Ecoma Ice Cream Erie, Pa.	Luick Ice Cream Milwaukee, Wis. and vicinity, Northern Illinois, Upper Peninsular Michigan	Southern Dairies Ice Cream District of Columbia, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Kentucky, Tennessee, Georgia, Florida, Alabama, and Mississippi
Breyers Ice Cream Philadelphia and Eastern Pennsylvania, Metropolitan New York, New Jersey, Delaware, Maryland, Virginia, and District of Columbia	Franklin XX Ice Cream Kansas City and Missouri, Kan., Oklahoma, Southeastern Nebraska, Southwestern Iowa and Northwestern Arkansas	Macomber Ice Cream New Bedford, Mass.	Supplee Ice Cream Philadelphia and Eastern Pennsylvania, Southern New Jersey, and Delaware
Bushway Ice Cream Greater Boston, Mass.	Frechtling's Ice Cream Metropolitan Cincinnati and Hamilton, Ohio	Manchester Dairy Ice Cream South Manchester, Conn.	Telling's Ice Cream Ohio and West Virginia
Castles Ice Cream Northern New Jersey, and Staten Island	Fro-Joy Ice Cream New England States, New York State, Northwestern Pennsylvania, and Northeastern Ohio	Millikin's Ice Cream Youngstown and Warren, Ohio and Sharon, Pa.	Thompson's Ice Cream Metropolitan Chicago, Ill.
Chapell's Ice Cream Metropolitan Chicago, Ill.	Harding's Ice Cream Eastern Nebraska and Western Iowa	Moglia's Ice Cream Northern New Jersey	Union Ice Cream Middle Tennessee and Northern Alabama
Clover Farms Ice Cream Memphis and Western Tennessee, Eastern Arkansas, and Northern Mississippi	Hoffman's Ice Cream Altoona, Barnsboro, Bedford, Pa., and Cumberland, Md.	Moore's Ice Cream Meadville, Oil City, and Franklin, Pa.	Velvet Brand Ice Cream State of Michigan and Toledo, Ohio
Cloverleaf Ice Cream Decatur, Northern Indiana and Eastern Ohio	Hydrox Ice Cream Metropolitan New York, Metropolitan Chicago, Greater St. Louis, Southeastern Missouri, and Southern Illinois	Olivet Ice Cream Kingston, N. Y.	Whiting Ice Cream Greater Boston, Mass.
Colonial Ice Cream Providence and Pawtucket, R. I., Norfolk, Va.	Jersey Ice Cream Lawrence and Eastern Massachusetts, and Schenectady, N. Y.	Plymouth Rock Ice Cream Southeastern Massachusetts	Wisconsin Creameries Ice Cream Milwaukee, Wis.
Cream Crest Ice Cream Louisville and Lexington, Ky.		Rieck's Ice Cream Greater Pittsburgh and Western Pennsylvania	
		Roger's Ice Cream Poughkeepsie, N. Y.	
		Roszell's Ice Cream Central Illinois	

MISCELLANEOUS PRODUCT DIVISIONS

Consolidated Products Co. —Danville, Ill. Semi-Solid Buttermilk, Semi-Solid Emulsion, Semi-Solid Chick Milk, Semi-Solid Buttermilk Flakes, Condensed Buttermilk, Pure Flake Dried Buttermilk.	Osvon Egg Co. —Chicago, Ill. Whole Eggs, Egg Whites, Sugaryolk, Mocoyolk, Plainyolk, Saltyolk, Kraftolk sold throughout the United States.
Dairy Specialties Division of Kraft-Phenix Cheese Corp. —Chicago, Ill. Kraco (Dried Cheese Whey), Delyn (Dried Casein Whey), G-an-En, Kraftose, Krafen "A", Krafen B. D., Kraft Baker's Special Grated, Kraft Bakers Blend, O-Ke-Doke Cheese Flavor, Fifteen Powdered Shortening, Special Fifteen Leavening, Domestic Spray Egg Yolk Powder, Refluffed & Sifted Imported Egg Yolk Powder, Kracene Powder, K. P. Salt, Krabyn, Kraftogen B. D., Kraft Special Blend, Powdered G-195, Kraft Butter Toffee for Ice Cream, Sweet-K-Malt.	Sheffield By-Products Co. —New York, N. Y. Sheffield New Process Casein, Sheffield Milk Sugar, Sheffield Technical Sugar, Sheffield Whey Powder, Calcium Lactate, Sodium Lactate, Lactic Acid.
Confections Division of Kraft-Phenix Cheese Corp. —Chicago, Ill. Kraft Dairy-Fresh Caramels, Kraft Butter Toffee, Kraft Dairy-Fresh Caramelles.	Sheffield Condensed Milk Co. —New York, N. Y. Sheffield Select Evaporated Milk, Sheffield Skim Milk Powder.
Deerfoot Farms Co. —Southborough, Mass. Deerfoot Farm Pure Pork Sausage, Sliced Bacon, and Country Roll.	Southern Dairies, Inc. Southern Dairies distributes Bird's Eye Frosted Foods throughout Southeastern States; Honor Brand Frosted Foods in Miami and West Palm Beach; also Golden Spray, Silver Spray, Velvet and Pepsi-Cola beverages in Savannah, Ga.
Ewing-Von Allmen Dairy Co. —Louisville, Ky. Swiss and Eva brands evaporated milk.	Ward Dry Milk Co. —St. Paul, Minn. Ward's Special Lacalac, Spray Skim Milk Powder, Roller Skim Milk Powder, 6% Acid Buttermilk, 11% Acid Buttermilk, Sweet Cream Buttermilk, Pure Dried Sweet Cream Buttermilk, Pure Dried Skim Milk, Ward's Sausage Milk, Ward's All Bread Improver, Ward's Malted Lacalac, Ward's Malted Milk, Ward's Churn-O-Lac, Ward's Crem-O-Lac.
Findlay Evaporated Milk Co. —Findlay, Ohio. Findlay and Cloverdale brands evaporated milk.	Windsor Evaporated Milk Co. —Carrollton, Ohio Windsor brand evaporated milk.
Franklin Ice Cream Corp. —Kansas City, Mo. and Tonganoxie, Kan. Skim and Whole Condensed milks; Sunflower, Double XX, and Golden Crust brands.	
Harding Cream Co. —Omaha, Neb. Harding's, Old Kentucky, Hydrox, Colonial Club, Dixie Club, White Mountain, Pepsi-Cola and Orange Crush beverages.	
Highland Dairy Farms Co. —St. Louis, Mo. and Highland, Ill. Spray Skim Milk Powder, Lacalac Spray Skim Milk Powder, Dried Buttermilk.	
Hydrox Corp. —Chicago, Ill. Ginger Ale and other Hydrox beverages.	
International Wood Products Co. —Cathlamet, Wash. Cheese Boxes, Lumber.	
Keystone Dairy Co. —New York, N. Y. Roller Skim Milk Powder, Superheated Skim Condensed, Concentrated Skim Condensed and Whole Condensed Milk, and Sweet Cream.	

MALTED MILK

Kraft Plain and Chocolate Malted Milks are sold through regular distribution channels of Kraft-Phenix Cheese Corp. National Dairy Malted Milk is sold by Milk and Ice Cream Divisions of National Dairy Products Corp.

COLD STORAGE DIVISIONS

Chemung Cold Storage—Elmira, N. Y.
Dairystate Cold Storage Co.—Plymouth, Wis.
General Ice Cream Corp.—Batavia, N. Y.
General Ice Cream Corp.—Erie, Pa.
Merchants Cold Storage Co.—Cincinnati, Ohio
New England Cold Storage—Portland, Me.
North American Cold Storage Co.—Chicago, Ill.

POUNDS OF MILK USED

There is reported below, on a comparative basis, the approximate number of pounds of milk of 3.5% butterfat (one quart equals 2.15 pounds) used for the dairy products your company sells, including milk in fluid form as well as in the form of cheese, butter, ice cream, various condensed and evaporated milks and other manufactured milk products. This sales record excludes National Dairy's business in Miracle Whip, Kraft Mayonnaise, Deerfoot Sausage, eggs, beverages and other products not connected with milk.

	SALES BY QUARTERS				Yearly Total	Per Cent of 1931
	First	Second	Third	Fourth		
1931.....	2,016,294,000	2,300,016,000	2,325,132,000	1,993,331,000	8,634,773,000	100.0%
1932.....	1,974,271,000	2,164,424,000	2,204,934,000	1,948,457,000	8,292,086,000	96.0%
1933.....	1,856,462,000	2,095,758,000	2,069,879,000	1,868,587,000	7,890,686,000	91.3%
1934.....	1,909,752,000	2,086,179,000	2,220,611,000	2,060,362,000	8,276,904,000	95.8%
1935.....	1,857,881,000	2,088,241,000	2,373,426,000	2,145,966,000	8,465,514,000	98.0%
1936.....	1,987,066,000	2,389,703,000	2,436,227,000	2,192,822,000	9,005,818,000	104.3%

EMPLOYMENT RECORD

(Approximate number of employees)

	QUARTERLY AVERAGE				Yearly Average	Per Cent of 1931
	First	Second	Third	Fourth		
1931.....	34,556	36,218	35,630	32,938	34,835	100.0%
1932.....	32,637	34,134	33,564	30,733	32,767	94.0%
1933.....	29,848	31,451	33,345	32,456	31,775	91.2%
1934.....	32,845	36,153	36,529	33,577	34,776	99.8%
1935.....	33,309	36,077	37,127	34,070	35,146	100.9%
1936.....	33,975	37,427	38,266	35,354	36,256	104.0%

NUMBER OF COMMON STOCKHOLDERS

	March 31	June 30	Sept. 30	Dec. 31
1931.....	46,219	50,117	54,196	58,159
1932.....	59,212	61,758	63,474	65,705
1933.....	66,885	66,366	66,366	68,890
1934.....	69,058	69,683	70,818	71,606
1935.....	72,735	73,585	73,429	72,028
1936.....	70,950	71,376	70,248	69,963

